

Message Text

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EUR/RPM:WROMINE

EUR/RPM:AFLOYD S/S:MR. D. MILLER

OSD/ISA:ACHAPA

H:SDANDERSON EUR/CE:HWILGIS

PM:JGRAHAM

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FM SECSTATE WASHDC

TO ALL NATO CAPITALS

USMISSION NATO

AMEMBASSY VIENNA

C O N F I D E N T I A L STATE 207325

E.O. 11652: GDS

TAGS: PARM PFOR, NATO

SUBJECT: GUIDANCE ON JACKSON-NUNN AMENDMENT

VIENNA FOR MBFR DEL

1. TEXT OF JACKSON-NUNN AMENDMENT TO FY 1974 MILITARY PROCUREMENT BILL, AS AGREED UPON IN HOUSE/SENATE CONFERENCE COMMITTEE WAS TRANSMITTED IN EUR WIRELESS FILE OF OCTOBER 15 (EUR 08). IN ALL LIKELIHOOD THE AMENDMENT WILL BECOME LAW IN THE NEAR FUTURE. POSTS SHOULD DRAW UPON FOLLOWING IF QUERIED BY HOST GOVERNMENT OFFICIALS. WE WOULD APPRECIATE REPORTS OF SIGNIFICANT COMMENTS ON THE

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AMENDMENT.

2. THE AMENDMENT INVOLVES A MAJOR UNCERTAINTY, I.E.,
THE SIZE OF OUR MILITARY DEFICIT IN NATO EUROPE FOR FY
1974. WE CANNOT KNOW ITS EXACT AMOUNT UNTIL SOMETIME
NEXT SUMMER. DOD'S PRESENT ESTIMATE OF US FY 1974 MILITARY
EXPENDITURES ENTERING THE IBOP IN NATO EUROPE IS
DOLS. 2.5 BILLION, BUT NO ESTIMATES ARE POSSIBLE FOR
RECEIPTS AT THIS TIME. COMMERCE, IN CONSULTATION WITH
DOD AND THE GAO, HAS BEEN CHARGED WITH DETERMINING THE
SIZE OF THE MILITARY DEFICIT WITH NATO EUROPE IN FY 1974.

3. TECHNICALLY, THE AMENDMENT COULD GIVE OUR ALLIES
ABOUT A 22 MONTH PERIOD, DATING FROM JULY 1, 1973,
TO OFFSET OUR FY 74 DEFICIT. ASSUMING THE JACKSON-NUNN
BILL BECOMES LAW ON NOVEMBER 1 THIS YEAR, TERMINATION
DATE FOR MEETING OUR FY 74 DEFICIT COULD TECHNICALLY
BE MAY 1, 1975, AND ANY MILITARY EQUIPMENT PURCHASES OR
OTHER ACCEPTABLE OFFSETS WITHIN THE 22 MONTH PERIOD
JULY 1, 1973 - MAY 1, 1975 COULD ARGUABLY BE COUNTABLE
AGAINST TOTAL US DEFENSE EXPENDITURES FOR FY 74 IN
NATO EUROPE. HOWEVER, WE DO NOT WISH TO ENCOURAGE ALLIES
TO RELY ON A PERIOD OF THIS LENGTH. WE HAVE NO ASSURANCE
THAT THE JACKSON-NUNN AMENDMENT WILL NOT BE REPEATED
IN SOME FORM IN FUTURE YEARS. IN ANY EVENT, THE ONLY
SOUND BASIS FOR WORKING OUT A DURABLE SOLUTION TO THE
PERENNIAL US MILITARY BOP PROBLEM IN NATO IS TO PLAN
ON "OFFSET PERIODS" NO LONGER THAN THE "EXPENDITURE
PERIODS" WHICH THEY ARE DESIGNED TO COVER.

4. FINAL SUBSTANTIVE SECTION OF JACKSON-NUNN AMENDMENT
CALLS ON ALLIES TO INCREASE SUBSTANTIALLY THEIR CON-
TRIBUTIONS TO ASSIST US IN MEETING ADDITIONAL BUDGETARY
EXPENSES RESULTING FROM MAINTAINING US FORCES IN EUROPE,
THROUGH (1) ASSUMPTION OF CERTAIN RECURRING AND NON-
RECURRING EXPENSES, AND (2) REDUCTION OF US COSTS UNDER
INFRASTRUCTURE PROGRAM. TO THE EXTENT THAT BUDGETARY
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SUPPORT MEASURES REDUCE OUR BOP DEFICIT THEY WOULD
COUNT AGAINST THE OFFSET REQUIREMENT. (STRICTLY FYI)
THE QUESTION OF THE ACCEPTABILITY OF SOME FORM OF LOAN
AS PART OF THE OFFSET WILL ALSO HAVE TO BE EXAMINED,
ALTHOUGH THE CONGRESS IS HOSTILE TO ITS INCLUSION.
(END FYI)

5. OUR ALLIES SHOULD BE AWARE THAT JACKSON-NUNN, AS

IT NOW STANDS, REPRESENTS THE OVERWHELMING CONSENSUS IN BOTH HOUSES OF CONGRESS. IN YOUR DISCUSSIONS WITH HOST GOVERNMENT OFFICIALS, YOU SHOULD EMPHASIZE THAT PASSAGE OF THE AMENDMENT HIGHLIGHTS THE IMPORTANCE OF OUR ALLIES' COMING UP WITH A PROGRAM FOR FY 1974 TO COMPENSATE THE US AS A RESULT OF STATIONING FORCES IN EUROPE. IT SHOULD BE CLEAR TO OUR ALLIES THAT THE CONGRESSIONAL PRESSURE FOR TROOP REDUCTIONS, WHETHER OR NOT TIED TO BOP RELIEF, WILL CONTINUE UNABATED AS LONG AS THE ALLIES ARE NOT SEEN BY CONGRESS TO BE PROVIDING FULL OFFSET OF THE BOP DEFICIT ON MILITARY ACCOUNT, INCLUDING THROUGH MULTILATERAL ARRANGEMENTS. KISSINGER

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